

Guidance Paper on CCM Oversight

1. Introduction and purpose

The purpose of this guidance paper is to clarify the Global Fund's expectations on oversight as it applies to CCMs, Regional Coordinating Mechanisms, and other national bodies that serve as coordinating mechanisms on Global Fund grants. This guidance paper is the first in a series of operational guidance papers to address key questions and concerns on CCM functioning.

Providing oversight to proposal development, grant negotiation grant implementation and grant closure is considered an essential function of the CCM¹. CCMs are, in fact, required to have an oversight plan in place² and without an oversight plan, the CCM may be ineligible for funding.

In general, oversight is a key function of governance. Oversight ensures that activities are implemented as planned by providing strategic direction to principal recipients, ensuring policies and procedures are met, instituting financial controls (including independent audits), and following through on key recommendations.³

Good governance means that CCMs should operate in a transparent and accountable manner. They should have clear public communications of their recommendations and decisions; their leadership should ensure that all stakeholders' views are heard. Non-CCM members' viewpoints need to be solicited and considered in providing grant oversight.

¹ The principles of CCM governance, its roles and responsibilities, structure and composition are explained in the *Revised Guidelines on the Purpose, Structure and Composition of Country Coordinating Mechanisms and Requirements for Grant Eligibility*¹ ("CCM Guidelines") and can be found on the Global Fund's website at www.theglobalfund.org.

² The *CCM Guidelines* state that: "CCMs are required to put in place and maintain a transparent, documented process to nominate the Principal Recipient(s) and oversee program implementation."

The *CCM Guidelines* also state, "CCMs are required to put in place and maintain a transparent, documented process to... ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process."

³ Oversight concepts drawn from the United Nations', *Comprehensive Review of Governance and Oversight within the United Nations, Funds, Programmes and Specialized Agencies, Volume II: Governance and Oversight Principles and Practices*, Draft, June 2006

Each CCM is responsible to develop its own management solutions to grant implementation processes. In order to manage these activities effectively, the Global Fund highly recommends that CCMs establish clear operating procedures and guidelines (e.g. defining membership selection, voting procedures, etc.) These governance manuals help ensure that CCMs operate in a way that is understood and agreed upon by all members and stakeholders.

2. Principles of CCM oversight

The core principle of oversight is to ensure that resources—financial and human—are being used efficiently and effectively for the benefit of the country.

While the CCM is ultimately responsible for the success or failure of procuring funds and ensuring their proper implementation, the Global Fund recognizes that all entities (CCM, PR, SRs, LFA, and Secretariat) work towards the same programmatic goals in order to reduce the impact of HIV/AIDS, TB, and malaria. CCMs have the unique responsibility to orchestrate the overall country management of Global Fund grants. This necessitates having a clear oversight plan in place

Providing oversight is a core responsibility of the CCM and each member should be able to commit sufficient time to understand grant performance in order to make responsible recommendations. However, the Global Fund also realizes that CCM members often have busy schedules since they have many other responsibilities. This fact underscores the importance of having well-planned CCM meetings and clear *oversight processes* that make the best use of time spent on CCM oversight functions. Equally important in the oversight process, the PR has a responsibility to provide timely, updated reports to the CCM; the CCM has a responsibility to review these reports, analyze the information received, and provide guidance to the PR(s) on grant implementation.

3. The Difference between Oversight and Monitoring and Evaluation

The CCM is a new and unique structure that has few parallels to other governing bodies. Some compare the CCM to a corporate or NGO board of directors while others find it useful to compare the CCM to a Parliament or national advisory board. Still others prefer the image of a helicopter that hovers above and can view the forest and not just the trees. None is a perfect match. A board of directors sets the direction of the organization and ensures that key performance indicators are being met. A Parliament, oversees the execution of work by the government to ensure that the government is on track with its stated agenda. A helicopter gives a visual image of oversight but lacks a governance framework. Regardless of the analogy, the CCM's role is to focus on the "big picture" and ensure that performance-based funding is on track; it is not supposed to focus on the day-to-day details of grant implementation.

The CCM and the PR have complementary roles. The CCM's oversight role is different from the PR's responsibility to monitor and evaluate the implementation of grants⁴.

⁴ Unfortunately, the terms "oversight" and "monitoring" are often used interchangeably across many different professional settings, and they are translated differently between the six official

Oversight requires the CCM to understand how the grants are working, follow progress and challenges, and make recommendations to the PR on improving performance. Oversight is one type of monitoring, focused on governance and understanding the big picture. The CCM is responsible for understanding grant implementation at the macro level, but does not need to immerse itself in the micro details, which is the responsibility of the PR. This is particularly important now that the average CCM oversees four grants, and several CCMs manage between 10 and 17. Having a well-designed, clear oversight *plan* is critical to overseeing grant implementation.

In contrast, monitoring is the tracking of the key elements of program/project performance, usually inputs and outputs, through record-keeping, regular reporting and surveillance systems as well as health facility observation and surveys.”⁵ Monitoring is often more detailed than oversight and focuses on measuring adherence to targets. Oversight ensures that monitoring is being done, that results are being reported, and the program is meeting its targets. Evaluation “is the episodic assessment of the change in targeted results related to the program or project intervention.”⁶

Since oversight focuses on the macro level, CCMs should consider the following overarching questions:

- Finance. Where is the money? Is it arriving on time? Is it being distributed properly, and promptly? Who is benefiting?
- Procurement. Are the drugs, bed nets, laboratory supplies, etc. going where they need to go? Are implementers getting them on time? Is the distribution system safe and secure? Are patients receiving them?
- Implementation. Are activities on schedule? Are the right people getting the services they need?
- Results. Are targets being met?
- Reporting. Are reports being submitted accurately, completely and on time?
- Technical Assistance. Where are the grant implementation bottlenecks *e.g. procurement, human resources, etc.)? What technical assistance is needed to build capacity and resolve problems? What is the outcome of technical assistance?

4. The CCM's oversight role

An oversight plan can range from simply following grant resources to a more comprehensive management plan that involves detailed communications strategies and complicated committee structures. CCM oversight is challenging because its

languages of the United Nations. Recognizing that there is no universally accepted definition of the difference between oversight and monitoring, this paper intentionally simplifies the distinction as a guide for CCMs to better understand their oversight responsibilities.

⁵ *Monitoring and Evaluation Toolkit: HIV/AIDS, Tuberculosis and Malaria*, January 2006,

http://www.theglobalfund.org/pdf/guidelines/pp_me_toolkit_en.pdf.

⁶ *Monitoring and Evaluation Toolkit: HIV/AIDS, Tuberculosis and Malaria*.

architecture of responsibility is both new and different within the traditional global arena of funding agencies and mechanisms.

While the CCM has the responsibility to provide oversight, the contractual relationship for the proper disbursement of funds is between the PR and the Global Fund Secretariat—not the CCM. This arrangement is different from most contractually-based oversight relationships and can seem to be even more complicated since the local fund agent, on behalf of the Secretariat, reviews the PR's performance and verifies data⁷. The PR in turn conducts its own oversight of sub-recipients who implement activities. Additionally, in some countries, SWAps and other types of harmonized health systems or common funding mechanisms may have other procedures already in place that the CCM can and should use to meet its oversight responsibilities. A better description of how information-sharing should take place between the PR, LFA, and the CCM can be found in *Communications Protocol for Local Fund Agents*⁸.

A key responsibility of the CCM, that has significant implications to its oversight role, is selecting a PR(s). This important decision has long term consequences that should not be underestimated. A similar analogy from the private sector is when an organization hires a new executive director. Generally the organization does so with conscious deliberation, assessing the candidates' qualities, skills, and merits to make sure that the best possible individual is selected. Similarly the CCM nominates the PR who is then contracted to implement grants and to do so according to performance-based objectives. Choosing wisely one's PR is also important because the PR often selects the sub-recipients who implement the bulk of program activities. Clearly it is important for the CCM to have confidence in its Principal Recipients.

It is the CCM's responsibility to oversee the PR, but not to implement the grant. The level of oversight by the CCM will be determined by each country. However, all CCMs must find a way to balance their oversight activities (i.e. the requests for information, number and length of site visits) with the contractual responsibility of the PR to achieve grant targets.

Oversight expects that the CCM will look at long-term grant performance while leaving the PR to be the day-to-day implementer.

Since CCM members are drawn from a wide social spectrum, they can and should bring their professional experience and networks forward to improve grant implementation. For example, NGO representatives on the CCM can give in-depth contextual understanding to performance data; government representatives might be able to help navigate complex customs regulations in order to avoid long delays in procurement supply; private sector CCM members might bring best practices in accounting or management that could be useful to both the CCM itself and the PR. Most CCMs contain a wealth of information, key relationships and skills, and these should be tapped

⁷ For more information on the role of the LFA and its relationship to the PR and the CCM, go to <http://www.theglobalfund.org/en/about/structures/lfa/>.

⁸ http://www.theglobalfund.org/en/files/about/structures/lfa/background/GFPolicy/LFA_In-country_Communications_Protocol.pdf

to help the PR resolve issues that it cannot resolve itself. The CCM can and should make use of its relationships in order to resolve grant implementation problems.

4.1. Areas of Oversight

Proposal Development

The CCM ensures that adequate resources (human, financial, and technical) are available to develop successful proposals. In this role, the CCM coordinates proposal development and selects one or more PRs.

As part of the requirements for funding eligibility, the CCM must ensure that a wide range of stakeholders, not only CCM members, participate in the proposal development *and* oversight process. By involving non-CCM members, the CCM ensures broader national support, reinforces the objectivity of decision-making, and improves the quality of proposals.

Grant Negotiation

Once a proposal has been approved, a grant agreement is then signed with the PR(s) within one year, unless an extension is given. While most of the communication during this negotiation occurs between the proposed PR(s), the LFA, and the Secretariat, the CCM should *oversee* the negotiation process to ensure it is on track, identify where to find technical support if needed, and monitor any changes that are being made to the proposal. The CCM should understand fully the grant agreement before it is signed, so all members know the key program activities, targets, and budget before implementation begins.

Grant Implementation

Grant oversight is conducted in the following ways, ideally, on a quarterly basis:

- Know your grants. All CCM members should know what key grant implementation problems exist. They should have a clear plan with the PR for following-up their resolutions. The CCM should receive from the PR copies of all disbursement requests, quarterly reports, annual budgets and work plans, monitoring and evaluation plans, the annual PR audit and any other audit performed. However, this can be a huge amount of information to absorb. Some CCMs have dealt with this “information overload” by developing a *system* to identify only the key issues relevant to overall program success, not program monitoring.
 - Summary Documents. In Tanzania, for example, the CCM Secretariat compiles a summary report or “dashboard” tool that shows PR achievement on performance indicators, financial management, and program management⁹; it allows the CCM to quickly spot where success

⁹ Link to Tanzanian dashboard example.

has taken place (green) and where problems exist requiring special attention (yellow and red).

- Conduct site visits. All CCM members should have opportunities to participate in site visits. Case studies in Ethiopia, Zambia, and Tanzania, all demonstrate that visiting sites where grant activities are taking place is an essential element in the CCM's oversight plan. These visits should give members an *overall sense* of program achievement and challenges so they can (1) provide better guidance to PRs, and (2) lend credibility and stature to the grants themselves. These are not monitoring and evaluation site visits. Those should be conducted by the PR. Some CCMs delegate this task to a sub-committee which then reports back to the entire CCM. When it is a subcommittee performing this function, the CCM should have a rotation policy to ensure that, at some reasonable point in time, *all* CCM members will share this important responsibility.
- Support the PR. The PR(s) and CCM have a common goal of working together to fight HIV/AIDS, TB and malaria. The PR and CCM must work cooperatively to make the programs work.
- Approve major changes¹⁰. The CCM is responsible for approving changes to the Scope and/or Scale of Performance Frameworks in Board Approved Proposals or signed Grant Agreements, as well as changing the PR, if necessary¹¹.
- Facilitate technical assistance. The CCM should use its collective expertise to ensure that adequate technical assistance can be identified and provided to

¹⁰ Such changes could be either Material or Non Material and made at:

- (a) the time the CCM submits its Request for Continued Funding ("Phase 2 Request"); or
- (b) any other time during the implementation of a proposal (including grant negotiation). CCMs will be required to endorse the revised work plan, budget and Performance Framework.

Changes are classified as 'Material' if their consequences affect the achievement of goals, objectives or key service delivery areas of the program, or will otherwise shift the balance of program activities in the Performance Framework.

¹¹ Recommending a change in a Principal Recipient is an extreme measure to be used only if the PR has been unable to improve performance based upon the recommendations of the CCM and the Global Fund Secretariat. Before the CCM arrives at this decision, it should have been clear with the PR that it is concerned about program implementation. Ideally, this should be communicated well before the Phase 2 request is due, and both the CCM and the PR should be in agreement on what steps are needed to improve grant performance. Changing a PR is a rare but sometimes useful way of improving grant performance, but is considered to be a last resort. CCMs should first work closely with PRs to improve performance, arrange for technical assistance, and find other ways of putting grant performance back on track.

address program challenges. The CCM should work closely with the PR to identify TA needs and coordinate the provision of TA.

Phase 2 and RCCs

The CCM prepares the Request for Continued Funding at Phase 2, and the CCM has the responsibility to revise the requested funding amount and/or select a different PR(s). Both decisions must be based on a firm understanding of grant performance. Reaffirming and reselecting the PR is a key aspect of oversight, and the decision must be based on regular oversight that has taken place during the entire grant performance period.

The CCM may also prepare, if eligible, a revised proposal on invitation by the Secretariat for continuation funding called the “Rolling Continuation Channel”. This is a simplified funding model that rewards high performing grants with additional funding for up to six more years depending on approval from the TRP. Similar to Phase II, in order for CCMs to submit successful continuation proposals, they must know the program status of what has come before.

Donor Coordination and Alignment with Health Systems

CCMs should find every possible way to use or build onto pre-existing national oversight plans in order to avoid duplication of efforts. Particularly in countries where SWAPs or common funding mechanisms (CFMs) are in place, these mechanisms’ coordinating bodies can address the oversight responsibilities identified in this guidance paper as long as they address the Global Fund’s CCM minimum requirements and the performance indicators that were originally negotiated in the grant agreement. The biggest challenge is accommodating performance-based assessments within nationally aligned systems that address a different set of goals and objectives. This has been a complicated negotiation in a few countries, but solutions are being found¹² and it is a “work in progress.”

Grant Closure

The oversight role of the CCM during grant implementation continues during the grant closure period. The same level of rigor and oversight is required since the CCM is responsible for endorsing the Close-Out Plan and Close-Out Budget, including the PR’s plan for distribution or disposal of program assets. Furthermore, the CCM may submit a Request for Continuity of Services where people are receiving life-saving treatment and where alternative sources of funding have not been identified to continue patients on treatment.

¹² Examples of harmonization and alignment in providing grant oversight can be found in Rwanda, Mozambique, Tanzania, Zambia, and Malawi. See case study reports from October 2007 (Mozambique and Malawi).

4.2. Oversight Plan

There must be an oversight plan in place to review Global Fund grants. Since good governance is a precursor to good grant performance, CCMs, RCMs and sub-CCMs need to have an oversight plan in place in order to meet the Global Fund's eligibility criteria for funding. While each plan will be different, the Global Fund suggests they include these basic features:

- **Regularity.** Oversight activities should be conducted on a quarterly basis. The plan should provide information on who performs these activities and when oversight will be conducted and completed.
- **Methods.** Oversight plans should be developed in conjunction with the PR(s), include periodic site visits (e.g. every six months), review PR reports (e.g. every CCM meeting), and facilitate technical assistance and systems analysis¹³.
- **Follow-up.** Procedures to ensure that action items are followed up. Who is responsible to communicate back to the CCM that actionable recommendations have been addressed?
- **Informed membership.** All CCM members should understand their role on the CCM and the basic principles of the Global Fund. An annual workshop or “retreat” is recommended and provides excellent opportunities for all members to discuss outstanding issues, and to find ways of improving CCM performance.
- **Rules of engagement.** All CCMs should have a governance manual or a “constitution” that explains the roles and responsibilities of each member, and explains how the CCM will conduct oversight and conflict mitigation. This manual should be periodically reviewed and revised as needed to improve CCM oversight.
- **CCM Management.** Most CCMs now have a dedicated Secretariat (or staff) to prepare meetings and site visits, organize proposal development, organize member elections, etc. The CCM, either as a whole or through an executive committee, needs to ensure that its Secretariat staff is adequately trained and is able to carry out its duties.
- **Appropriate committees.** The oversight role is strengthened when CCMs have few, but well-defined committees. Many successful CCMs establish expert technical committees that focus on proposal development or program implementation. CCMs should not have too many committees as they can complicate operations and lead to confusion of roles. Common committees of well-functioning CCMs include Executive Committees (which can take interim decisions between formal CCM meetings), Finance and Audit Committees, Oversight or Reporting

¹³ Systems analysis means reviewing and analyzing how health systems in the country are responding to the challenge of HIV/AIDS, TB and malaria, and the impact of Global Fund programs on health systems. The CCM should be constantly looking for ways of minimizing the impact of the three diseases on health systems and conducting health systems strengthening activities where they would be effective and practical.

Resources

Increasingly more and more resource materials are being produced that focus on the CCM model and how to help it function better. For guidance purposes, the Secretariat refers readers to some excellent materials that have been published by AIDSPAN and by Management Sciences in Health.

<http://www.aidspace.org/index.php?page=guides&menu=publications>

If readers know of additional resource materials that are appropriate and relevant to CCM oversight, please send them directly to the CCM Team at CCM@theglobalfund.org.